

## **INSTRUCTIONS FOR FILING MARION COUNTY OCCUPATIONAL LICENSE MCT FORM 3**

**WHEN TO FILE:** For taxpayers filing on a calendar year basis, the return (and accompanying payment) must be returned to MARION COUNTY TREASURER not later than April 15 of the year following the year being reported. For taxpayers on a fiscal year basis (other than a calendar year), the return (and accompanying payment) must be returned to the MARION COUNTY TREASURER not later than the fifteenth day of the fourth month following the end of the fiscal year.

**WHO IS REQUIRED TO FILE MCT FORM 3:** Any individual or business (partnership, proprietorship, or corporation) doing business within Marion County (other than non-profit organizations so recognized by the Internal Revenue Service) must file MCT FORM 3 unless all subject income has been reported by the employer and the appropriate license fee withheld or the individual reports as an Individual taxpayer on MCT FORM 4.

**INDIVIDUALS WHO HAVE INCOME REPORTED ON MCT FORM 4:** Individuals should attach a copy of MCT FORM 4 to MCT FORM 3. Income allocable to Marion County and subject to the occupational license fee may not be set off against any loss reported on MCT FORM 3. MCT FORM 3 is only for the reporting of income from the conduct of business activity (including self-employment).

**DETERMINATION OF NET INCOME:** Net income from the conduct of a business activity is to be the same as reported on the Kentucky return, subject to the adjustments contained in MCT FORM 3. It is not to include wages and salaries received as an employee of some other business. Every business entity shall submit a copy of its federal income tax return and all supporting statements and schedules at the time of filing its Occupational License Tax return with Marion County.

**SPECIAL PROVISION FOR LARGE REPORTING ENTITIES:** Large reporting entities, particularly corporations doing business in several locations, may apply to the County Treasurer for permission to report on MCT FORM 3 on their operations in Marion County only, if they can demonstrate to the satisfaction of the County Treasurer that sufficient records are maintained to account for all revenues and expenses attributable to the Marion County operation, and if they can also demonstrate that the proportion of net profits and revenue in the Marion County operation does not materially differ from the proportion of net profits and revenue from the corporation taken as a whole.

**BUSINESS ALLOCATION FORMULA:** In reporting revenues from sales and/or payroll, taxpayers should consult Section IV of the Ordinance. This section gives guidance as to what items are and are not included in "Sales". If an operation is totally conducted within Marion County, allocation is not necessary, and all revenues and expenses associated with that operation are to be included in the determination of net income. (Aside from the specific exemptions and exclusions shown on MCT FORM 3).

**REPORTING ENTITY:** Employees of a corporation, including major shareholders, should have withholdings made from their salaries, which will be reported and remitted to Marion County quarterly. The corporation should file an annual return (MCT FORM 3) on its net profit.

Partnerships should file a return on the net profit of the business activity. The individual partner's earnings should be included in the subject business's net profit. It will not be necessary for the individual partners to file individual returns unless they have earnings from other businesses, each of which should be separately filed.

**CONSOLIDATION OF RETURNS:** Owner(s) of businesses may apply to the MARION COUNTY TREASURER for permission to file a consolidated return on all business activities if the following criteria are met: The same ownership interests are represented in all the business activities; no one of the business activities reports a net loss; the business allocation percentage for each of the business activities equals or exceeds 75% allocable to Marion County. Otherwise, separate returns must be filed for each business activity.

**NET LOSS:** In instances in which the business activity reports a net loss, the taxpayer reports the loss on MCT FORM 3 or MCT FORM 4. Net losses of one business activity may not be set off against net profits of another business activity.

***\*PER ORDINANCE 05-220.10 SECTION SIX: (2) EVERY BUSINESS ENTITY SHALL SUBMIT A COPY OF ITS FEDERAL INCOME TAX RETURN AND ALL SUPPORTING STATEMENTS AND SCHEDULES AT THE TIME OF FILING ITS OCCUPATIONAL LICENSE TAX RETURN WITH MARION COUNTY..***